HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
CRESCO, IOWA

FINANCIAL REPORT

JUNE 30, 2022

TABLE OF CONTENTS

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	District	Term Expires
Board of Education			
Alison Holten	President	District 1	September 2025
Shirley Sovereign	Vice-President	Director at Large	September 2023
Andy Ludeking	Board Member	District 2	September 2023
Toni Johnson	Board Member	District 3	September 2023
Tom Williams	Board Member	District 4	September 2025
School Officials			
Theodore Ihns	Superintendent*		
Kris Einck	Superintendent**		
Robyn Lane	Business Manager and District Secretary/Treasurer		

*Resigned June 30, 2022
**Appointed as of July 1, 2022

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard-Winneshiek Community School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard-Winneshiek Community School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Howard-Winneshiek Community School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 18 to the financial statements, Howard-Winneshiek Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Howard-Winneshiek Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- **Exercise professional judgment and maintain professional skepticism throughout the audit.**

- **Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.**

- **Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Howard-Winneshiek Community School District's internal control. Accordingly, no such opinion is expressed.**

- **Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.**

- **Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Howard-Winneshiek Community School District's ability to continue as a going concern for a reasonable period of time.**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share of the net pension liability (asset), the schedule of District contributions and the schedule of changes in the District's total OPEB liability, related ratios and notes on pages 5 through 5g and pages 41 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howard-Winneshiek Community School District's June 30, 2022 basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2018 through 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The supplementary information shown on Schedules 1 through 6, including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information shown on Schedules 1 through 6, including the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the years ended June 30, 2018 through 2022 basic financial statements as a whole.

The financial statements of Howard-Winneshiek Community School District for the years ended June 30, 2013 through 2017 were audited by other auditors who expressed unmodified opinions on those statements. Their reports on the information presented on page 50 related to the 2013 through 2017 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the 2013 through 2017 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 23, 2023, on our consideration of the Howard-Winneshiek Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Howard-Winneshiek Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Howard-Winneshiek Community School District's internal control over financial reporting and compliance.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 23, 2023

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Management of the Howard-Winneshiek Community School District provides this management's discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022.

The intent of this discussion and analysis is to look at Howard-Winneshiek Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

2022 FINANCIAL HIGHLIGHTS

The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, *Leases*, during fiscal year 2022. The implementation of this standard revised certain assets and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.

In total, net position increased $3,762,971 or 32.1% from fiscal year 2021. Net position in governmental activities increased $3,575,813, which represented an 31.8% increase from fiscal year 2021. The District's revenues increased 6.2% or approximately $1,131,000, with sales tax and surtax increasing approximately $223,000 and receiving approximately $313,000 from the American Rescue Plan Act. District program expenses decreased 7.1% or approximately $1,206,000 with the pension expense decreasing approximately $1,600,000. Net position in the business-type activities, which represents the District's food service operations increased $187,158, which represented an 39.0% increase from fiscal year 2021. The increase is due to the District receiving COVID-19 funding.

General fund revenues (which include the instructional support fund) accounted for $16,659,101 in revenue or 85.9% of all governmental revenues. General fund expenditures (which include the instructional support fund) accounted for $15,285,397 in expenditures or 74.3% of all governmental expenditures.

USING THIS ANNUAL REPORT

These statements are organized so the reader can understand Howard-Winneshiek Community School District as a financial whole or as an entire operating entity. The annual report consists of a series of financial statements, notes to those statements and other information, as follows:

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Howard-Winneshiek Community School District as a whole and present an overall view of the District's finances.

USING THIS ANNUAL REPORT (Continued)

The fund financial statements tell how governmental and business-type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Howard-Winneshiek Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. The remaining financial statements provide information about activities for which Howard-Winneshiek Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability (asset) and related contributions, as well as presenting the schedule of changes in the District's total OPEB liability, related ratios and notes.

Other supplementary information provides detailed information about the nonmajor funds and compares governmental fund activity to prior years. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the District.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities: most of the District's programs and services are reported here, such as regular and special education, transportation, and administration. Property tax and state aid finance most of these activities.**
- **Business-type activities: the District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

Fund Financial Statements (Continued)

However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds for fiscal year 2022 are the general fund, management levy-special revenue fund and the statewide sales, services and use tax-capital projects fund.

The District has three kinds of funds:

1) **Governmental funds: most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.**

   The District's governmental funds include the general fund, the special revenue funds, the debt service fund, and the capital projects fund.

   The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) **Proprietary funds: services for which the District charges a fee are generally reported in proprietary funds and are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's major proprietary fund is the school nutrition fund.**

   The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

3) **Fiduciary fund: the District is the trustee, or fiduciary, for assets that belong to others. The District's fiduciary fund is as follows:**

   - **Custodial fund: this is a fund through which the District administers and accounts for certain monies as a fiscal agent.**

   The District is responsible for ensuring the assets reported in the fiduciary fund is used only for its intended purpose and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

   The required financial statements for the fiduciary fund include a statement of fiduciary net position and the statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The District's net position at the end of fiscal year 2022 for governmental activities was $14,827,472 and for business-type activities was $666,660. The following is a summary perspective of the statement of net position of the District for the fiscal years ended June 30, 2022 and 2021.

Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
Current and other assets	$ 26,033	$ 17,336	$ 946	$ 726	$ 26,979	$ 18,062
Capital assets	14,011	11,419	98	71	14,109	11,490
Total assets	40,044	28,755	1,044	797	41,088	29,552
Deferred outflows of resources	1,161	1,705	12	31	1,173	1,736
Current liabilities	4,082	2,508	73	97	4,155	2,605
Noncurrent liabilities	8,724	8,748	23	240	8,747	8,988
Total liabilities	12,806	11,256	96	337	12,902	11,593
Deferred inflows of resources	13,571	7,952	293	12	13,864	7,964
Net position:						
Net investment in capital assets	10,772	10,628	98	71	10,870	10,699
Restricted	6,271	5,165			6,271	5,165
Unrestricted (deficit)	(2,215)	(4,541)	569	408	(1,646)	(4,133)
Total net position	$ 14,828	$ 11,252	$ 667	$ 479	$ 15,495	$ 11,731

The District's total net position increased 32.1% or approximately $3,764,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings, equipment and right-to-use equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately $1,106,000 or 21.4%, over the prior year. The increase was primarily a result of an increase in the statewide sales, services and use tax fund caused by proceeds from tax revenue bonds issued for school infrastructure.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately $2,487,000 or 68.9%. The increase in unrestricted net position was primarily a result of the decrease in the District's net pension and receiving additional funding from the Education Stabilization Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As shown below, the following analysis shows the change in net position for the years ended June 30, 2022 and 2021.

Changes in Net Position
(Expressed in Thousands)

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
REVENUES						
Program revenue:						
Charges for service	$ 619	$ 611	$ 97	$ 75	$ 716	$ 686
Operating grants	3,830	3,583	888	934	4,718	4,517
General revenue:						
Property taxes	7,575	7,348			7,575	7,348
Sales tax and surtax	1,355	1,132			1,355	1,132
Unrestricted state grants	5,589	5,432			5,589	5,432
American Rescue Plan Act	313				313	-
Unrestricted investment earnings	22	11			22	11
(Loss) gain on the sale of capital assets	(54)	6			(54)	6
Other revenue	126	121		8	126	129
Total revenues	19,375	18,244	985	1,017	20,360	19,261
PROGRAM EXPENSES						
Instruction	9,695	10,958			9,695	10,958
Student support	4,838	4,866			4,838	4,866
Non-instructional programs	23	22	797	854	820	876
Other expenses	1,243	1,159			1,243	1,159
Total expenses	15,799	17,005	797	854	16,596	17,859
Increase in net position	3,576	1,239	188	163	3,764	1,402
NET POSITION, beginning of year	11,252	10,013	479	316	11,731	10,329
NET POSITION, end of year	$ 14,828	$ 11,252	$ 667	$ 479	$ 15,495	$ 11,731

In fiscal year 2022, property tax and unrestricted state grants accounted for 64.7% of governmental activities revenues while charges for service and operating grants accounted for 100.0% of business-type activities.

The District's total revenues were approximately $20.4 million, of which approximately $19.4 million was for governmental activities and about $1.0 million was for business-type activities.

As shown above, the District as a whole experienced an 5.7% increase in revenues and a 7.1% decrease in expenses. Operating grants increased approximately $200,000 due to COVID-19 funding. The decrease in expenses is primarily related to decreases in instruction expenses partially due to less pension expense.

INDIVIDUAL FUND ANALYSIS

The Howard-Winneshiek Community School District uses fund accounting on the modified accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Highlights

As the District completed the year, its governmental funds reported a fund balance of $15,287,059, an $7,592,566 increase from the 2021 fiscal year end balance of $7,694,493.

- **The general fund revenues increased during fiscal year 2022 for federal sources while expenditures increased slightly over all function areas. The District did receive $858,464 of Education Stabilization Fund for the school emergency relief fund program. The ending fund balance showed an increase of $788,444 from the prior year.**

- **The management levy-special revenue fund generated more revenue during fiscal year 2022 from local property taxes. Expenditures increased slightly in instructional. The ending fund balance showed an increase of $62,808 from prior year.**

- **The statewide sales, services and use tax-capital projects fund generated more revenue during fiscal year 2022 from Secure an Advanced Vision for Education (SAVE), and the issuance of tax revenue bonds. Expenditures increased during the fiscal year in facilities acquisition due to improvement projects to the various buildings. The ending fund balance showed an increase of $6,614,981 from the prior year due to tax revenue bond proceeds.**

Proprietary Funds Highlights

The school nutrition fund net position increased from $479,502 at June 30, 2021 to $666,660 at June 30, 2022, representing an increase of approximately 39.9%. Total revenues were lower than prior year, with an increase of $22,268 in charges for fees and a decrease of $46,257 in non-operating revenues. Operating expenses decreased by $56,636, with slight increases in supplies and purchase services and a decrease in salaries and benefits.

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute requires approval of the budget on or before April 15 of each year. The budget document presents functional expenditures by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures, and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year. The District did not adopt a budget amendment in fiscal year 2022.

The District's total revenues were $1,239,426 more than total budgeted revenues, a variance of 6.47%. The most significant variances resulted from the District receiving more in federal sources, causing the total amount received to be more than originally anticipated.

Total expenditures were more than budgeted, due primarily to the construction to the high school addition and increase in instruction expenditures. It is the District's practice to budget expenditures within the authorized spending authority for the general fund. The District then manages or controls general fund and other fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures exceeded the amounts budgeted in the instruction, non-instructional programs and other expenditures functions.

BUDGETARY HIGHLIGHTS (Continued)

The following chart shows the original and final budget for fiscal year 2022 as well as the actual revenues and expenditures for the year.

Budgetary Comparison Schedule (Expressed in Thousands)

	Actual Basis	Budgeted Amounts Original/Final	Variance
Revenues:			
Local sources	$ 8,423	$ 8,402	$ 21
State sources	9,448	9,213	235
Federal sources	2,518	1,534	984
Total revenues	$ 20,389	$ 19,149	$ 1,240
Expenditures/Expenses:			
Instruction	$ 11,752	$ 10,746	$ (1,006)
Support services	4,711	5,233	522
Non-instructional programs	806	768	(38)
Other expenditures	4,187	1,221	(2,966)
Total expenditures/expenses	$ 21,456	$ 17,968	$ (3,488)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the District's governmental activities had invested $14,010,775 (net of accumulated depreciation/amortization) in a broad range of capital assets, including land, buildings, vehicles, technology (including computer equipment), media/audio visual equipment and classroom equipment. The District's governmental activities had depreciation/amortization expense of $836,085 for fiscal year 2022 and total accumulated depreciation/amortization of $14,000,329 as of June 30, 2022. The District's business-type activities had invested $98,285 (net of accumulated depreciation) in capital assets of equipment. The District had depreciation expense of $14,412 for fiscal year 2022 and total accumulated depreciation of $325,736 as of June 30, 2022. More detailed information about capital assets is available in Note 6 to the financial statements. The following chart shows the comparison in capital assets for 2022 and 2021.

Capital Assets (Net of Depreciation) (Expressed in Thousands)

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
Land	$ 743	$ 801			$ 743	$ 801
Construction in progress	2,429				2,429	-
Land improvements	823	897			823	897
Buildings	7,992	8,298			7,992	8,298
Furniture and equipment	1,950	1,423	$ 98	$ 71	2,048	1,494
Right-to-use assets	74				74	-
Total	$ 14,011	$ 11,419	$ 98	$ 71	$ 14,109	$ 11,490

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt

As of June 30, 2022, the District had $8,840,206 in long-term debt outstanding compared to $943,670 from the prior year. More detailed information about the District's long-term debt can be found in Note 7 to the financial statements. The following chart shows the debt comparison between 2022 and 2021.

	Long-term Debt Obligations			
	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Bonds/Capital Loan Notes:				
Tax Revenue Bond	$ 612,033	$ 7,900,000	$ 612,033	$ 7,900,000
Other Liabilities:				
Right-to-use agreements		89,819	17,359	72,460
Equipment purchase agreements	178,163	853,126	240,280	791,009
Termination benefits	153,474		76,737	76,737
Total other liabilities	331,637	942,945	334,376	940,206
Total long-term debt	$ 943,670	$ 8,842,945	$ 946,409	$ 8,840,206

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Current Issues

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- **Declining enrollment has been a challenge for the District. Howard-Winneshiek Community School District is one of the many school districts in the state experiencing a decline in enrollment. Providing students with a 21st century learning experience, nationally recognized for being progressive and innovative, along with actively partnering with locally elected government officials, business and industry, the intent is that these actions will recruit and retain families to the region. It is important to note that the certified enrollment has been declining for the last nine years with the exception of 2018 and 2021. Certified enrollment (line 11 of Certified Enrollment Form) for 2023 was down 3.29 students, 2022 was up 30.52 students, 2021 was down 8.3 students, 2020 was up 61.48 students, 2019 was up 10.84 students; 2018 was down 34.04 students; 2017 was down 3.06 students; 2016 was down 46.51 students; and 2015 was down 53 students.**

- **Utilizing Secure an Advanced Vision for Education (SAVE) and Property Plant and Equipment Levy (PPEL) funding, the District is continuously upgrading the physical plant to provide a quality learning experience for students. It is recognized that the physical plant is a contributing factor for families choosing to have their students attend Howard-Winneshiek Community School District. Due to the bond referendum failure, facility projects will be prioritized based on the funds available at the time.**

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of Howard-Winneshiek Community School District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ms. Robyn Lane, Business Manager and District Secretary/Treasurer, Howard-Winneshiek Community School District, 1000 Schroder Drive, Cresco, Iowa, 52136.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	$ 16,866,516	$ 801,905	$ 17,668,421
Receivables:			
Property tax:			
Delinquent	82,094		82,094
Succeeding year	7,403,838		7,403,838
Accounts	120,532	1,365	121,897
Prepaid expenses	46,073		46,073
Due from other governments	1,397,492	1,563	1,399,055
Lease receivable, current portion	27,781		27,781
Inventories	1,238	10,490	11,728
Lease receivable, less current portion	86,842		86,842
Net pension asset		130,188	130,188
Capital assets, non-depreciable	3,172,874		3,172,874
Capital assets, net of accumulated depreciation/amortization	10,837,901	98,285	10,936,186
Total assets	40,043,181	1,043,796	41,086,977
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,032,781	6,998	1,039,779
OPEB related deferred outflows	128,211	5,092	133,303
Total deferred outflows of resources	1,160,992	12,090	1,173,082
Total assets and deferred outflows of resources	$ 41,204,173	$ 1,055,886	$ 42,260,059
LIABILITIES			
Accounts payable	$ 1,257,691	$ 2,728	$ 1,260,419
Salaries and benefits payable	1,551,121	47,134	1,598,255
Interfund payable (receivable)	30	(30)	-
Unearned revenues	135	23,463	23,598
Accrued interest payable	15,540		15,540
Long-term liabilities:			
Portion due within one year:			
Bonds payable	860,000		860,000
Right-to-use agreements	17,562		17,562
Equipment purchase agreements	302,911		302,911
Termination benefits	76,737		76,737
Portion due after one year:			
Bonds payable	7,040,000		7,040,000
Right-to-use agreements	54,898		54,898
Equipment purchase agreements	488,098		488,098
Net pension liability	275,423		275,423
Total OPEB liability	865,747	22,932	888,679
Total liabilities	12,805,893	96,227	12,902,120
DEFERRED INFLOWS OF RESOURCES			
Lease related	114,623		114,623
Succeeding year property tax	7,403,838		7,403,838
Pension related deferred inflows	5,403,192	282,696	5,685,888
OPEB related deferred outflows	248,815	10,303	259,118
Other	400,340		400,340
Total deferred inflows of resources	13,570,808	292,999	13,863,807
NET POSITION			
Net investment in capital assets	10,772,178	98,285	10,870,463
Restricted for:			
School infrastructure	3,943,478		3,943,478
Management levy purposes	716,775		716,775
Student activities	327,645		327,645
Physical plant and equipment	590,114		590,114
Categorical funding	687,554		687,554
Other	5,553		5,553
Unrestricted (deficit)	(2,215,825)	568,375	(1,647,450)
Total net position	14,827,472	666,660	15,494,132
Total liabilities, deferred inflows of resources and net position	$ 41,204,173	$ 1,055,886	$ 42,260,059

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular instruction	$ 5,501,617	$ 203,342	$ 2,509,890	$ (2,788,385)		$ (2,788,385)
Special instruction	2,241,142	14,421	738,684	(1,488,037)		(1,488,037)
Other instruction	1,952,055	299,495	11,619	(1,640,941)		(1,640,941)
	9,694,814	517,258	3,260,193	(5,917,363)	$ -	(5,917,363)
Support services:						
Student services	482,917	9,442		(473,475)		(473,475)
Instructional staff services	463,044			(463,044)		(463,044)
Administration services	1,633,392	92,646		(1,540,746)		(1,540,746)
Operation and maintenance plant services	1,297,523			(1,297,523)		(1,297,523)
Transportation services	960,921			(960,921)		(960,921)
	4,837,797	102,088	-	(4,735,709)	-	(4,735,709)
Non-instructional	22,872	-	-	(22,872)	-	(22,872)
Other:						
Long-term debt interest	41,901			(41,901)		(41,901)
Bond issuance cost	100,957			(100,957)		(100,957)
Facilities acquisition	58,764			(58,764)		(58,764)
AEA flowthrough	569,394		569,394	-		-
Depreciation/amortization (unallocated)*	471,850			(471,850)		(471,850)
	1,242,866	-	569,394	(673,472)	-	(673,472)
Total governmental activities	15,798,349	619,346	3,829,587	(11,349,416)	-	(11,349,416)
BUSINESS-TYPE ACTIVITIES						
Non-instructional programs: nutrition services	797,097	97,158	887,030	-	187,091	187,091
Total	$ 16,595,446	$ 716,504	$ 4,716,617	(11,349,416)	187,091	(11,162,325)
GENERAL REVENUES						
Property taxes levied for:						
General purposes				6,529,932		6,529,932
Management levy purposes				435,104		435,104
Physical plant and equipment				609,097		609,097
Statewide sales, services and use tax				1,355,345		1,355,345
Unrestricted state grants				5,588,683		5,588,683
American Rescue Plan Act				313,251		313,251
Unrestricted investment earnings				22,048	681	22,729
Loss on sale of capital assets				(53,900)		(53,900)
Transfers				614	(614)	-
Other				125,055		125,055
Total general revenues				14,925,229	67	14,925,296
Change in net position				3,575,813	187,158	3,762,971
NET POSITION, beginning of year				11,251,659	479,502	11,731,161
NET POSITION, end of year				$ 14,827,472	$ 666,660	$ 15,494,132

*This amount excludes the depreciation/amortization included in the direct expenses of the various programs.

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Special Revenue Fund: Management Levy	Capital Projects Fund: Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and pooled investments	$ 5,612,873	$ 712,776	$ 9,683,807	$ 839,714	$ 16,849,170
Receivables:					
Property tax:					
Delinquent	72,675	5,023		4,396	82,094
Succeeding year	5,818,659	1,199,988		385,191	7,403,838
Accounts	18,088		55,250	47,194	120,532
Due from other funds			458,782	13,174	471,956
Due from other governments	1,102,253	3	95,064	200,172	1,397,492
Prepaid expenses	15,836			30,237	46,073
Lease receivable	114,623				114,623
Inventories	1,238				1,238
Total assets	$ 12,756,245	$ 1,917,790	$ 10,292,903	$ 1,520,078	$ 26,487,016
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 415,156	$ 1,027	$ 824,553	$ 16,958	$ 1,257,694
Salaries and benefits payable	1,551,121				1,551,121
Due to other funds	472,206				472,206
Unearned revenues	135				135
Total liabilities	2,438,618	1,027	824,553	16,958	3,281,156
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	5,818,659	1,199,988		385,191	7,403,838
Lease related	114,623				114,623
Other	200,170			200,170	400,340
Total deferred inflows of resources	6,133,452	1,199,988	-	585,361	7,918,801
Fund balances:					
Nonspendable: prepaid expenses and inventory	17,074			30,237	47,311
Restricted for:					
Categorical funding	687,554				687,554
Management levy purposes		716,775			716,775
Student activities				326,570	326,570
Physical plant and equipment				560,952	560,952
School infrastructure			9,468,350		9,468,350
Other	5,553				5,553
Unassigned	3,473,994				3,473,994
Total fund balances	4,184,175	716,775	9,468,350	917,759	15,287,059
Total liabilities, deferred inflows of resources and fund balances	$ 12,756,245	$ 1,917,790	$ 10,292,903	$ 1,520,078	$ 26,487,016

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION		
Total governmental fund balances		$ 15,287,059
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds, net of accumulated depreciation/amortization of: $14,000,329.		14,010,775
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		17,566
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(15,540)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	$ 1,160,992	
Deferred inflows of resources	(5,652,007)	(4,491,015)
Long-term liabilities, including bonds payable and accrued interest, total OPEB liability and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Bonds payable	(7,900,000)	
Right-to-use agreements	(72,460)	
Equipment purchase agreements	(791,009)	
Termination benefits	(76,737)	
Net pension liability	(275,423)	
Total OPEB liability	(865,744)	(9,981,373)
Net position of governmental activities per Exhibit A		$ 14,827,472

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

		Special Revenue Fund	Capital Projects Fund		
	General	Management Levy	Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local sources:					
Local property tax	$ 6,529,932	$ 435,104		$ 609,097	$ 7,574,133
Tuition	226,032				226,032
Other	190,232	6,190	$ 66,455	262,242	525,119
State sources	8,077,967	5,505	1,355,345	4,842	9,443,659
Federal sources	1,634,938				1,634,938
Total revenues	16,659,101	446,799	1,421,800	876,181	19,403,881
EXPENDITURES					
Current:					
Instruction:					
Regular instruction	6,592,075	156,851		853,126	7,602,052
Special instruction	2,241,142				2,241,142
Other instruction	1,657,751			251,582	1,909,333
	10,490,968	156,851	-	1,104,708	11,752,527
Support services:					
Student services	482,917				482,917
Instructional staff services	372,302	7,037		83,705	463,044
Administration services	1,552,655	21,889	69	141,199	1,715,812
Operation and maintenance plant services	1,086,942	120,082		21,553	1,228,577
Transportation services	730,219	69,131		21,046	820,396
	4,225,035	218,139	69	267,503	4,710,746
Non-instructional	-	9,001	-	-	9,001
Other:					
Long-term debt:					
Principal				852,313	852,313
Interest and fiscal charges				34,541	34,541
Bond issuance cost				100,957	100,957
Facilities acquisition			2,519,351	110,044	2,629,395
AEA flowthrough	569,394				569,394
	569,394	-	2,519,351	1,097,855	4,186,600
Total expenditures	15,285,397	383,991	2,519,420	2,470,066	20,658,874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,373,704	62,808	(1,097,620)	(1,593,885)	(1,254,993)
OTHER FINANCING SOURCES (USES)					
Tax revenue bonds issued			7,900,000		7,900,000
Operating transfers in	938		548,603	1,000,985	1,550,526
Operating transfers (out)	(586,198)		(740,002)	(223,712)	(1,549,912)
Sale of capital assets			4,000		4,000
Proceeds from equipment purchase agreements				853,126	853,126
Proceeds from right-to-use agreements				89,819	89,819
	(585,260)	-	7,712,601	1,720,218	8,847,559
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND FINANCING USES	788,444	62,808	6,614,981	126,333	7,592,566
FUND BALANCES, beginning of year	3,395,731	653,967	2,853,369	791,426	7,694,493
FUND BALANCES, end of year	$ 4,184,175	$ 716,775	$ 9,468,350	$ 917,759	$ 15,287,059

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES			
Net change in fund balances - total governmental funds		$	7,592,566
Amounts reported for governmental activities in the statement of activities are different because:			
An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities.			9,695
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation/amortization expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation/amortization in the current year, as follows:			
Depreciation/amortization	$ (836,085)		
Capital outlays	3,485,978		2,649,893
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Current year issuances exceeded repayments, as follows:			
Issued	(8,842,945)		
Repaid	869,672		(7,973,273)
The net effect of disposal of capital assets.			(57,900)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.			(9,419)
The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.			788,286
Termination benefits payments, pension and OPEB are expenditures in the governmental funds when paid, but reduce long-term liabilities in the statement of net position and affect the statement of activities as accrued, as follows:			
Termination benefits	76,737		
Pension expense	545,360		
OPEB expense	(46,132)		575,965
Change in net position of governmental activities per Exhibit B		$	3,575,813

See Notes to Financial Statements.

EXHIBIT E

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	School Nutrition Fund	Internal Service Fund
ASSETS		
CURRENT ASSETS		
Cash	$ 801,905	$ 17,346
Accounts receivable	1,365	
Due from other governments	1,563	
Due from other funds	30	220
Inventories	10,490	
Total current assets	815,353	17,566
NONCURRENT ASSETS		
Net pension asset	130,188	
Furniture and equipment	424,021	
Less accumulated depreciation	(325,736)	
Total noncurrent assets	228,473	-
Total assets	1,043,826	17,566
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	6,998	
OPEB related deferred outflows	5,092	
Total deferred outflows of resources	12,090	-
Total assets and deferred outflows of resources	$ 1,055,916	$ 17,566
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 2,728	
Salaries and benefits payable	47,134	
Unearned revenues	23,463	
Total current liabilities	73,325	$ -
NONCURRENT LIABILITIES		
Total OPEB liability	22,932	
Total noncurrent liabilities	22,932	-
Total liabilities	96,257	-
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	282,696	
OPEB related deferred inflows	10,303	
	292,999	-
NET POSITION		
Net investment in capital assets	98,285	
Unrestricted	568,375	17,566
Total net position	666,660	17,566
Total liabilities, deferred inflows of resources and net position	$ 1,055,916	$ 17,566

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	School Nutrition Fund	Internal Service Fund
OPERATING REVENUES		
Local sources:		
Charges for services	$ 97,158	$ 23,566
OPERATING EXPENSES		
Non-instructional programs:		
Food service operations:		
Salaries and benefits	297,963	
Purchased services	5,692	
Supplies	478,947	
Depreciation	14,412	
Other	83	13,871
Total operating expenses	797,097	13,871
Operating (loss) income	(699,939)	9,695
NONOPERATING REVENUES		
Interest income	681	
State sources	4,353	
Federal sources	882,677	
Total nonoperating revenues	887,711	-
Income before transfers	187,772	9,695
TRANSFER OUT	(614)	-
Change in net position	187,158	9,695
NET POSITION, beginning of year	479,502	7,871
NET POSITION, end of year	$ 666,660	$ 17,566

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	School Nutrition Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of lunches and breakfasts	$ 92,546	
Cash paid to employees for services	(276,449)	
Cash paid to suppliers for goods or services	(400,192)	$ (13,871)
Cash paid on employees' behalf	(82,602)	
Other payments	(5,692)	23,566
Net cash (used in) provided by operating activities	(672,389)	9,695
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer in	(614)	
Increase from due to other funds		(220)
State and federal grants received	930,900	
Net cash provided by (used in) noncapital financing activities	930,286	(220)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment	(41,293)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	681	-
Net increase in cash	217,285	9,475
CASH, beginning of year	584,620	7,871
CASH, end of year	$ 801,905	$ 17,346
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:		
Operating (loss) income	$ (699,939)	$ 9,695
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Depreciation	14,412	
Commodities used	64,734	
Decrease in accounts receivable	1,571	
Decrease in inventories	17,826	
Increase in net pension asset	(130,188)	
Decrease in accounts payable	(3,805)	
Decrease in salaries and benefits payable	(13,613)	
Decrease in unearned revenues	(6,183)	
Decrease in net pension liability	(215,706)	
Decrease in OPEB liability	(1,825)	
Decrease in deferred outflows of resources	11,703	
Increase in deferred inflows of resources	288,624	
Net cash (used in) provided by operating activities	$ (672,389)	$ 9,695
Non-cash, noncapital financing activities:		
During the year ended June 30, 2022, the District received commodities valued at:	$ 64,734	

See Notes to Financial Statements.

EXHIBIT H

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2022

		Custodial Fund
ASSETS		
Cash	$	16,069
Receivables		133
Total assets	$	16,202
LIABILITIES		
Accounts payable	$	-
NET POSITION		
Restricted for other organizations		16,202
Total liabilities and net position	$	16,202

See Notes to Financial Statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2022

	Custodial Fund
ADDITIONS	
Gifts and contributions	$ 6,867
Miscellaneous	861
Total additions	7,728
DEDUCTIONS	
Scholarships	3,500
Miscellaneous	1,530
Total deductions	5,030
Change in net position	2,698
NET POSITION, beginning of year	13,504
NET POSITION, end of year	$ 16,202

See Notes to Financial Statements.

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The Howard-Winneshiek Community School District (the District) is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the Cities of Cresco, Ridgeway, Lime Springs and Elma, Iowa, and the predominate agricultural territory in Howard and Winneshiek Counties. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fundraising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Howard-Winneshiek Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Venture

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

Jointly Governed Organizations

The District participates in jointly governed organizations that provide services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Winneshiek County and Howard County Assessor's Conference Board.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, management levy-special revenue fund, and the statewide sales, services and use tax-capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are restricted or committed for expenditure for specific purposes other than debt or capital projects. The major fund in this category is the management levy.

Capital Projects Funds

The capital projects funds are utilized to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through enterprise funds. The major fund in this category is the statewide sales, services and use tax.

Proprietary Funds

Enterprise Fund

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

Internal Service Fund

The flexible benefits fund is used to account for the District's flexible benefits plans.

Fiduciary Fund

Custodial Fund

The District's fiduciary fund, which focuses on net position and changes in net position. The District's fiduciary fund includes the custodial fund which is used to account for assets held by the District as an agent for individuals, private organizations, and other governments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under equipment purchase agreements are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's school nutrition fund are charges to customers for sales and services. Operating expenses for the District's school nutrition fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments

The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

Interfund Transactions

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

Due from Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Inventories

Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets

Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below) if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years:

Asset Class	Amount
Land	$ 25,000
Buildings	25,000
Land improvements	25,000
Intangibles	200,000
Right-to-use leased assets	5,000
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	5,000

Land and construction in progress are not depreciated. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	5 - 50
Land improvements	5 - 20
Intangibles	5 - 10
Right-to-use leased assets	2 - 15
Furniture and equipment	3 - 20

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Leases - District as Lessee

Howard-Winneshiek Community School District is the lessee for a noncancellable lease of a copier. The District has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes leases with an initial, individual value of $5,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Howard-Winneshiek Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Howard-Winneshiek Community School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Leases - District as Lessor

Howard-Winneshiek Community School District is the lessor for a noncancellable lease of a District building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Leases - District as Lessor (Continued)

Key estimates and judgments include how the Howard-Winneshiek Community School District determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Howard-Winneshiek Community School District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable

Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2022 was used to calculate the salaries payable.

Unearned Revenues

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenues consist primarily of hot lunch proceeds collected for the next school year.

Compensated Absences

District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is to not reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability as of June 30, 2022.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position. Termination benefits liability has been paid primarily by the major governmental management levy fund.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability (asset) attributable to the governmental activities will be paid primarily by the general fund.

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities and business-type activities will be paid primarily by the general fund and the enterprise fund-school nutrition fund.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of succeeding year property tax receivable, income surtax and other unavailable receivables.

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, income surtax and unrecognized items not yet charged to pension and OPEB expense.

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned - is the remaining fund balance, which is not included in other spendable classifications.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

The following accounting policies are followed in preparing the financial statements (continued):

Net Position

The statement of net position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the instruction, non-instructional programs and other expenditures functions.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2022:

Governmental:		
General fund:		
Open enrollment	$	38,567
Title I		96,901
Non-public transportation		145,828
Title IIA		12,375
Special Education Grants to States		28,432
COVID-19 Governor's Emergency Education Relief Fund (GEER)		26,524
Elementary and Secondary School Emergency Relief Fund II (ESSER II)		228,367
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)		293,829
American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth (ARP-HCY)		11,387
Income surtax		200,170
Other		19,873
		1,102,253
Special revenue funds:		
Management levy		3
Capital projects funds:		
Statewide sales, services and use tax		95,064
Nonmajor governmental		200,172
Total due from other governments	$	1,397,492
Business-type activities:		
School nutrition fund	$	1,563

4. Northeast Iowa Community College Lease Receivable

The District owns the Northeast Iowa Community College Center. The District entered into a four-year lease agreement to rent the building to Northeast Iowa Community College. The District is to receive $30,000 in building rent annually with an imputed rate of 2.1%. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments following June 30, 2022.

Year Ending June 30,		Total
2023	$	30,000
2024		30,000
2025		30,000
2026		30,000
Total minimum lease payments		120,000
Less amount representing interest		(5,377)
Present value of net minimum lease payments	$	114,623

5. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

	Transfers In	Transfers Out
General fund	$ 938	$ 586,198
Capital projects funds:		
Statewide sales, services and use tax fund	548,603	740,002
Nonmajor governmental - capital projects funds:		
Student activity	13,174	324
Physical plant and equipment levy fund		223,388
Debt service fund	987,811	
Business-type activities:		
Nutrition fund		614
Total	$ 1,550,526	$ 1,550,526

Transfers from the statewide sales, services and use tax fund and physical plant and equipment levy fund to the debt service fund were to move resources to help pay bond expenses.

Transfers from general fund to the statewide sales, services and use tax fund were to move Education Stabilization Funds to help with improvements to school buildings.

Transfers between the general fund, and the student activity fund and nutrition fund were to reimburse for payments made.

6. Capital Assets

Capital assets activity for the governmental activities for the year ended June 30, 2022 is as follows.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities:				
Land	$ 801,220		$ 57,900	$ 743,320
Construction in progress		$ 2,429,554		2,429,554
Total capital assets not being depreciated	801,220	2,429,554	57,900	3,172,874
Capital assets being depreciated:				
Land improvements	2,155,922	24,600		2,180,522
Buildings	17,150,822	25,840		17,176,662
Furniture and equipment	5,361,667	916,165	886,605	5,391,227
Total capital assets being depreciated	24,668,411	966,605	886,605	24,748,411
Less accumulated depreciation for:				
Land improvements	1,259,153	98,715		1,357,868
Buildings	8,820,790	364,280		9,185,070
Furniture and equipment	3,970,906	356,597	886,605	3,440,898
Total accumulated depreciation	14,050,849	819,592	886,605	13,983,836
Total capital assets being depreciated, net	10,617,562	147,013	-	10,764,575

6. Capital Assets (Continued)

Capital assets activity for the governmental activities for the year ended June 30, 2022 is as follows (continued):

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Intangible right-to-use assets:				
Leased equipment		$ 89,819		$ 89,819
Less accumulated amortization		16,493		16,493
Intangible right-to-use assets, net	$ -	73,326	$ -	73,326
Governmental activities:				
Capital assets, net	$ 11,418,782	$ 2,649,893	$ 57,900	$ 14,010,775

Capital assets activity for the business-type activities for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Business-type activities:				
Furniture and equipment	$ 382,728	$ 41,293		$ 424,021
Less accumulated depreciation	311,324	14,412		325,736
Business-type activities:				
Capital assets, net	$ 71,404	$ 26,881	$ -	$ 98,285

Depreciation/amortization expense was charged to the governmental functions of the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 87,284
Other	42,722
Support services:	
Administration	24,758
Operation and maintenance plant services	68,946
Transportation services	140,525
Unallocated depreciation/amortization	471,850
Total depreciation/amortization expense:	
Governmental activities	$ 836,085
Business-type activities:	
Food services	$ 14,412

7. **Long-term Debt Obligations**

Long-term liability activity for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental activities:					
Bonds:					
Tax revenue bond	$ 612,033	$ 7,900,000	$ 612,033	$ 7,900,000	$ 860,000
Other liabilities:					
Termination benefits	153,474		76,737	76,737	76,737
Equipment purchase agreements	178,163	853,126	240,280	791,009	302,911
Right-to-use agreements		89,819	17,359	72,460	17,562
Total other liabilities	331,637	942,945	334,376	940,206	397,210
Governmental activities: Long-term liabilities	$ 943,670	$ 8,842,945	$ 946,409	$ 8,840,206	$ 1,257,210

Bond Indebtedness

$612,033 2017 School Infrastructure Local Option Sales and Services Tax Revenue Bonds, with principal due February 1, 2022 through December 1, 2023 plus interest monthly with interest rate of the bonds of 2.17%. The local option sales and services tax revenue bonds were issued for the purpose of providing funds for the items listed within the revenue purpose statement. Bonds maturing after June 1, 2020 were called during the fiscal year.

$7,900,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 with principal due June 1, 2023 through December 1, 2030 plus interest monthly with interest rate of the bonds of 1.70% to 2.65%. The local option sales and services tax revenue bonds were issued for the purpose of providing funds for the items listed within the revenue purpose statement.

Interest costs incurred and charged to expenses was $40,894 for the year ended June 30, 2022. A summary of the bond principal and interest maturities is as follows:

Year Ending June 30,	Governmental Activities Tax Revenue Bonds Principal	Interest	Total
2023	$ 860,000	$ 179,864	$ 1,039,864
2024	874,000	165,244	1,039,244
2025	892,000	147,764	1,039,764
2026	910,000	129,032	1,039,032
2027	930,000	109,012	1,039,012
2028 - 2031	3,434,000	198,028	3,632,028
Total	$ 7,900,000	$ 928,944	$ 8,828,944

7. Long-term Debt Obligations (Continued)

Bond Indebtedness (Continued)

The District has pledged future statewide sales, services and use tax revenue to repay the bonds issued in December 2017 and April 2022. The bonds were issued for the purpose of refinancing the Series 2009 Bond which was issued for the purpose of financing school infrastructure and the construction of a fitness center addition connected to the high school facility and the elementary facility. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and are payable through 2031. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 63% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is $8,828,944. For the current year, principal of $612,033 and interest of $10,025 was paid on the bonds and total statewide sales, services and use tax revenue was $1,355,345.

The resolution providing for the issuance of the School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2022 includes the provision that all proceeds from the statewide sales, services and use tax shall be placed in a revenue account.

The District complied with all of the revenue bond provisions during the year ended June 30, 2022.

At June 30, 2022, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation	$ 578,781,163
Debt limit - 5% of total assessed valuation	$ 28,939,058
Debt applicable to debt limit:	
General obligation:	
Bonded debt outstanding	(7,900,000)
Equipment purchase agreements	(791,009)
Legal debt margin	$ 20,248,049

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees for the year ended June 30, 2020. Eligible employees must have completed at least ten years of service to the District and had to be at least age 55 by June 30 in the year of retirement. The application for early retirement under the plan was subject to approval by the Board of Education.

2020 Early Retirement Plan

Termination benefits equal half the employee’s contract year gross base wages, less Teacher Salary Supplement. In addition, the retiring employee shall be entitled to payment for any accrued sick leave at the rate of $90 per unused day for licensed employees or $65 per unused day for non-licensed employees.

The policy requires termination benefits be paid in three equal installments beginning in August 2020. The second and third payments will be paid in August 2021 and August 2022, respectively.

As of June 30, 2022, the District has obligations to eight participants with a total liability of $76,737. Actual termination benefits expenditures for the year ended June 30, 2022 totaled $76,737.

7. **Long-term Debt Obligations (Continued)**

Equipment Purchase Agreements

The District has entered into two purchase agreements for computers. The agreements bear interest at 1.965% and 2.88% Details of the District's purchase agreements principal and interest maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 302,911	$ 3,309	$ 306,220
2024	150,172	9,498	159,670
2025	152,418	7,252	159,670
2026	91,849	3,645	95,494
2027	93,659	1,835	95,494
Total	$ 791,009	$ 25,539	$ 816,548

During the year ended June 30, 2022, principal and interest paid were $240,280 and $7,529, respectively.

Right-to-Use Agreements

On July 1, 2021, the District has entered into a lease agreement for a copier. An initial lease liability was recorded in the amount of $89,819. The agreement requires monthly payments of $1,574 for the years ending June 30, 2022 through 2026, with imputed interest rate of 2.1% and the final payment due June 1, 2026.

The following is a schedule by year of future minimum lease payments following June 30, 2022.

Year Ending June 30,	Principal	Interest	Total
2023	$ 17,562	$ 1,321	$ 18,883
2024	17,925	958	18,883
2025	18,296	587	18,883
2026	18,677	208	18,885
Total	$ 72,460	$ 3,074	$ 75,534

8. **Pension Plan**

Plan Description

IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55.

8. Pension Plan (Continued)

Pension Benefits (Continued)

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 totaled $788,678.

Net Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a net pension liability (asset) of $145,235 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total net pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was (0.042069)%, which was a decrease of 0.150448% from its proportion measured as of June 30, 2020.

8. **Pension Plan (Continued)**

Net Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $(591,041). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 110,504	$ 110,951
Changes of assumptions	104,693	
Net difference between projected and actual earnings on IPERS' investments		5,271,810
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	35,904	303,127
District contributions subsequent to the measurement date	788,678	
Total	$ 1,039,779	$ 5,685,888

$788,678 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	$ (1,338,419)
2024	(1,339,753)
2025	(1,249,519)
2026	(1,491,441)
2027	(15,655)
Total	$ (5,434,787)

There were no non-employer contributing entities to IPERS.

8. **Pension Plan (Continued)**

Actuarial Assumptions

The total net pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

Discount Rate

The discount rate used to measure the total net pension liability (asset) was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total net pension liability (asset).

8. **Pension Plan (Continued)**

Sensitivity of the District's *Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability (asset)	$ 5,140,355	$ 145,235	$ (4,040,992)

IPERS' Fiduciary Net Position

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS

At June 30, 2022, the District had no payables to report for the defined benefit pension plan for legally required District contributions and legally required employee contributions, which had been withheld from employee wages but not yet remitted to IPERS.

9. **Other Postemployment Benefits (OPEB)**

Plan Description

The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employed by the District and are eligible to participate in the group medical and dental plans are eligible to continue healthcare benefits upon retirement after attaining at least age 55. Coverage during retirement continues in the group medical and dental plans up to age 65. The group medical benefits are provided through a fully insured plan with partial self-funding to a lower deductible. Retirees covered by the plan make contributions toward the plan premiums.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	178
Total	183

Total OPEB Liability

The District's total OPEB liability of $888,679 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

9. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	3.00% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, based on general wage growth assumption of IPERS actuarial valuation.
Discount rate (effective June 30, 2022)	2.14% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.00% initial rate decreasing by .25% annually to an ultimate rate of 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.14% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 928,078
Changes for the year:	
Service cost	66,831
Interest cost	18,876
Difference between expected and actual experiences	(184,800)
Changes in assumptions	84,198
Benefit payments	(24,504)
Net change	(39,399)
Total OPEB liability end of year	$ 888,679

Changes of assumptions reflect a change in the discount rate from 3.50% in fiscal year 2021 to 2.14% in fiscal year 2022.

9. Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the **District's** *Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current discount rate:

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB liability	$ 959,173	$ 888,679	$ 822,197

Sensitivity of the **District's** *Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	$ 794,846	$ 888,679	$ 998,312

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $72,876. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$ 19,178	$ 259,118
Changes in assumptions	114,125	
Total	$ 133,303	$ 259,118

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2023	$ (12,831)
2024	(12,831)
2025	(12,831)
2026	(12,831)
2027	(12,831)
Thereafter	(61,660)
Total	$ (125,815)

10. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the Northeast Iowa Schools Insurance Trust (trust) maintained by Midwest Group Benefits Consultants, Inc. There were three Wellmark Blue Cross/Blue Shield plans offered to the schools. The trust assumes liability for claims on its three plans as follows:

- Plan 1-between $500 and $6,500 for single coverage and $1,000 and $13,000 for family coverage,
- Plan 2-between $1,000 and $7,900 for single coverage and $2,000 and $15,800 for family coverage,
- Plan 3-between $2,000 and $6,500 for single coverage and $4,000 and $13,000 for family coverage.

All plans include coinsurance and plan 2 includes copayments. Claims in excess of the deductible are insured through the purchase of insurance. The District may be contingently liable for any claims in excess of funds available at June 30, 2022, since the pool arrangement allows the trust to make additional assessments to members. The trust was audited on a cash basis for the year ended June 30, 2022. The audit report dated December 20, 2022 did not report any additional assessments. The District's contributions to the trust for the years ended June 30, 2022, 2021, and 2020 were $1,722,814, $2,018,795, and $2,073,934, respectively, which equaled the required contributions each year.

The District has dental coverage insurance under this 28E organization for employee dental coverage. The District contributes to the self-insurance. Professional services through the plan for the participants are limited to a combined maximum payment of $1,000 per member per calendar year. The employees paid $31,830 in dental insurance for the year ended June 30, 2022.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2022, no liability has been recorded in the District's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance company coverage.

11. Risk Management

Howard-Winneshiek Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled $569,394 for the year ended June 30, 2022 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

13. Contingencies

a. Grant Funding

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

b. Insurance Plan

As discussed in Note 10, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.

14. Commitments

The total outstanding construction and other commitments of the District at June 30, 2022 amounted to $8,583,874 and commitments to be reimbursed is $1,110,852.

15. Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance. The following is a schedule of the categorical funding restricted in the general fund at June 30, 2022.

Program	Amount
Talented and Gifted Program	$ 106,082
Microsoft Settlement Program	32,213
Textbook Aid for Nonpublic Students	945
Market Factor	1,916
Market Factor Incentives	1,797
STEM Scale-Up Programs	47
Foster Care/Juvenile Home Advance	13,039
Teacher Leadership	259,326
Teacher Quality	135,627
Professional Development	136,562
Total	$ 687,554

16. Net Position Deficit

The governmental unrestricted fund has a deficit net position as of June 30, 2022. This deficit was incurred due to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27.*

17. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Other entities within the District, including Howard County, provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Elma offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Elma	Urban renewal and economic development projects	$ 3,643
Howard County	Urban renewal and economic development projects	60,513

17. Tax Abatements (Continued)

Tax Abatements of Other Entities (Continued)

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times $5.40 per $1,000 of taxable valuation. For the year ended June 30, 2022, the District was not reimbursed this amount.

18. Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases,* was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

19. Subsequent Events

Management has evaluated subsequent events through January 23, 2023, the date on which the financial statements were available to be issued.

Required Supplementary Information

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amount	Final to Actual Variance-Positive (Negative)
REVENUES					
Local sources	$ 8,325,284	$ 97,839	$ 8,423,123	$ 8,402,347	$ 20,776
State sources	9,443,659	4,353	9,448,012	9,212,992	235,020
Federal sources	1,634,938	882,677	2,517,615	1,533,985	983,630
Total revenues	19,403,881	984,869	20,388,750	19,149,324	1,239,426
EXPENDITURES/EXPENSES					
Instruction	11,752,527		11,752,527	10,745,883	(1,006,644)
Support services	4,710,746		4,710,746	5,233,134	522,388
Non-instructional programs	9,001	797,097	806,098	768,219	(37,879)
Other expenditures	4,186,600		4,186,600	1,220,653	(2,965,947)
Total expenditures/expenses	20,658,874	797,097	21,455,971	17,967,889	(3,488,082)
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES/EXPENSES	(1,254,993)	187,772	(1,067,221)	1,181,435	(2,248,656)
OTHER FINANCING SOURCES (USES), NET	8,847,559	(614)	8,846,945	32,652	8,814,293
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES/EXPENSES AND OTHER FINANCING USES	7,592,566	187,158	7,779,724	1,214,087	6,565,637
FUND BALANCES, beginning of year	7,694,493	479,502	8,173,995	6,810,759	1,363,236
FUND BALANCES, end of year	$ 15,287,059	$ 666,660	$ 15,953,719	$ 8,024,846	$ 7,928,873

See Notes to Required Budgetary Information and Independent Auditor's Report.

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the custodial fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend their budget.

During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the instruction, non-instructional programs and other expenditures functions.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Eight Years*
(In Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	-0.042069%	0.108379%	0.109962%	0.107844%	0.107761%	0.107559%	0.117669%	0.117805%
District's proportionate share of the net pension liability (asset)	$ 145	$ 7,613	$ 6,368	$ 6,825	$ 7,178	$ 6,769	$ 5,813	$ 4,768
District's covered payroll	$ 8,408	$ 8,601	$ 8,369	$ 8,097	$ 8,045	$ 7,695	$ 8,148	$ 7,862
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.72%	88.51%	76.09%	84.29%	89.22%	87.97%	71.34%	60.65%
IPERS' net position as a percentage of the total pension liability (asset)	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See Notes to Required Pension Liability Information and Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years
(In Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 788	$ 794	$ 812	$ 790	$ 723	$ 718	$ 687	$ 728	$ 702	$ 643
Contributions in relation to the statutorily required contribution	(788)	(794)	(812)	(790)	(723)	(718)	(687)	(728)	(702)	(643)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,350	$ 8,408	$ 8,601	$ 8,369	$ 8,097	$ 8,045	$ 7,695	$ 8,148	$ 7,862	$ 7,416
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.92%	8.93%	8.93%	8.93%	8.67%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
For the Last Five Years

	2022	2021	2020	2019	2018
Service cost	$ 66,831	$ 50,882	$ 49,281	$ 49,363	$ 47,809
Interest cost	18,876	32,704	32,169	36,590	35,633
Difference between expected and actual experiences	(184,800)		(130,160)		35,433
Changes in assumptions	84,198		3,715		65,804
Benefit payments	(24,504)	(78,042)	(57,521)	(67,214)	(49,368)
Net change in total OPEB liability	(39,399)	5,544	(102,516)	18,739	135,311
Total OPEB liability beginning of year	928,078	922,534	1,025,050	1,006,311	871,000
Total OPEB liability end of year	$ 888,679	$ 928,078	$ 922,534	$ 1,025,050	$ 1,006,311
Covered-employee payroll	$ 8,126,207	$ 8,250,781	$ 7,991,071	$ 6,430,746	$ 6,415,404
Total OPEB liability as a percentage of covered-employee payroll	10.94%	11.25%	11.54%	15.94%	15.69%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in Benefit Terms:
There were no significant changes in benefit terms.

Changes in Assumptions:
Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year Ended June 30, 2022	2.14%
Year Ended June 30, 2021	3.50%
Year Ended June 30, 2020	3.50%
Year Ended June 30, 2019	3.58%
Year Ended June 30, 2018	3.58%
Year Ended June 30, 2017	2.50%

See Independent Auditor's Report.

Other Supplementary Information

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue Fund	Capital Projects Fund		
	Student Activity	Physical Plant and Equipment Levy	Debt Service Fund	Total Nonmajor Funds
ASSETS				
Cash and pooled investments	$ 288,974	$ 550,740		$ 839,714
Receivables:				
Property tax:				
Delinquent		4,396		4,396
Succeeding year		385,191		385,191
Accounts	33,859	13,335		47,194
Due from other funds	13,174			13,174
Due from other governments		200,172		200,172
Prepaid expenses	1,075	29,162		30,237
Total assets	$ 337,082	$ 1,182,996	$ -	$ 1,520,078
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 9,437	$ 7,521		$ 16,958
Total liabilities	9,437	7,521	$ -	16,958
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		385,191		385,191
Other		200,170		200,170
Total deferred inflows of resources	-	585,361	-	585,361
Fund balances:				
Nonspendable: prepaid expenses	1,075	29,162		30,237
Restricted for:				
Student activities	326,570			326,570
Physical plant and equipment		560,952		560,952
Total fund balances	327,645	590,114	-	917,759
Total liabilities, deferred inflows of resources and fund balances	$ 337,082	$ 1,182,996	$ -	$ 1,520,078

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Special Revenue Fund	Capital Projects Fund		
	Student Activity	Physical Plant and Equipment Levy	Debt Service Fund	Total Nonmajor Funds
REVENUES				
Local sources:				
Property taxes		$ 609,097		$ 609,097
Other	$ 242,745	19,497		262,242
State sources		4,842		4,842
Total revenues	242,745	633,436	$ -	876,181
EXPENDITURES				
Current:				
Instruction:				
Regular instruction		853,126		853,126
Other instruction	251,582			251,582
Support services:				
Instructional staff services		83,705		83,705
Administration services		141,199		141,199
Operation and maintenance plant services		21,553		21,553
Transportation services		21,046		21,046
Non-instructional				
Other:				
Bond issuance cost			100,957	100,957
Facilities acquisition		110,044		110,044
Long-term debt:				
Principal			852,313	852,313
Interest and fiscal charges			34,541	34,541
Total expenditures	251,582	1,230,673	987,811	2,470,066
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(8,837)	(597,237)	(987,811)	(1,593,885)
OTHER FINANCING SOURCES (USES)				
Proceeds from equipment purchase agreements		853,126		853,126
Proceeds from right-to-use agreements		89,819		89,819
Operating transfers in	13,174		987,811	1,000,985
Operating transfers out	(324)	(223,388)		(223,712)
Net other financing sources (uses)	12,850	719,557	987,811	1,720,218
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND FINANCING USES	4,013	122,320	-	126,333
FUND BALANCES, beginning of year	323,632	467,794	-	791,426
FUND BALANCES, end of year	$ 327,645	$ 590,114	$ -	$ 917,759

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2022

	Balance June 30, 2021	Revenues and Transfers	Expenditures and Transfers	Balance June 30, 2022
High School Athletic General				
High School Football	$ -	$ 25,918	$ 25,918	$ -
Girls High School Basketball	-	6,286	6,286	-
Boys High School Basketball	-	19,525	19,525	-
High School Wrestling	-	15,038	14,943	95
High School Baseball	-	10,137	10,137	-
High School Golf	-	1,045	931	114
High School Track	-	6,986	6,986	-
High School Softball	-	9,034	9,034	-
High School Volleyball	-	6,130	6,130	-
High School Cross Country	-	3,389	3,389	-
Weight/Training Room	-	11,059	11,059	-
High School Yearbook	14,643	15,200	17,764	12,079
High School Cheerleaders	-	3,337	1,614	1,723
National Honor Society	-	981	981	-
FFA	103,511	60,175	57,269	106,417
Robe Fund	85			85
High School Student Council	9,748	650	865	9,533
Junior Prom	1,278	896	838	1,336
Cresco Elementary	54,792	33,647	23,028	65,411
Junior High Drama	5,329		494	4,835
Junior High Vocal	18,180			18,180
Junior High Instrumental	19,518	4,802	4,746	19,574
Junior High Yearbook	262	2,051	1,768	545
Junior High Magazine Sales	21			21
Junior High Student Council	14,932	2,328	700	16,560
Junior High Cheerleaders	863			863
High School Drama	12,139	2,365	1,737	12,767
High School Speech	-	1,903	1,903	-
High School Vocal	36,917	7,788	8,560	36,145
High School Instrumental	2,289	3,198	5,487	-
Esports Club	2,400	1,000	3,231	169
Co-Ed Athletics	26,725	57,962	63,494	21,193
Total	$ 323,632	$ 312,830	$ 308,817	$ 327,645

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Years Ended June 30,

	Modified Accrual Basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Local sources:										
Local property tax	$ 7,574,133	$ 7,347,984	$ 7,483,031	$ 7,231,746	$ 6,926,631	$ 6,677,252	$ 6,472,589	$ 6,695,350	$ 7,138,428	$ 8,096,621
Tuition	226,032	366,447	329,218	310,296	207,865	247,294	318,757	342,392	414,707	373,108
Other	525,119	346,350	516,508	577,464	640,092	646,004	562,824	647,737	821,750	602,319
State sources	9,443,659	9,011,131	8,930,773	8,388,959	8,340,927	8,309,890	8,262,836	8,552,223	8,591,488	7,436,402
Federal sources	1,634,938	1,153,310	476,749	486,123	561,053	443,448	506,527	593,435	583,782	1,362,133
Total revenues	$ 19,403,881	$ 18,225,222	$ 17,736,279	$ 16,994,588	$ 16,676,568	$ 16,323,888	$ 16,123,533	$ 16,831,137	$ 17,550,155	$ 17,870,583
EXPENDITURES										
Current:										
Instruction:										
Regular instruction	$ 7,602,052	$ 6,475,118	$ 6,428,115	$ 6,375,828	$ 5,886,856	$ 6,190,192	$ 5,975,635	$ 6,524,483	$ 6,260,318	$ 6,193,132
Special instruction	2,241,142	2,250,987	2,403,028	2,264,644	2,145,160	2,132,660	1,979,203	1,816,409	1,750,538	1,961,159
Other instruction	1,909,333	1,783,153	1,788,595	1,977,687	2,169,064	1,995,299	1,990,107	1,856,198	1,788,504	2,167,596
Support services:										
Student services	482,917	474,418	461,860	406,110	455,443	429,452	454,743	456,869	390,141	397,838
Instructional staff services	463,044	425,455	478,450	556,894	693,285	1,488,882	414,337	440,222	528,603	370,300
Administration services	1,625,993	1,744,801	1,489,363	1,466,028	1,423,328	1,296,560	1,328,790	1,562,157	1,502,743	1,412,033
Operation and maintenance plant services	1,228,577	1,211,976	1,315,953	1,433,346	1,166,410	1,172,093	1,173,308	1,472,265	1,748,137	1,382,162
Transportation services	820,396	778,300	872,831	857,494	887,671	1,084,715	1,136,095	1,287,282	1,165,476	1,095,210
Non-instructional	9,001	6,270	26,866	4,840	6,162	6,274	10,259	20,068	19,246	25,252
Other:										
Facilities acquisition	2,629,395	123,693	355,017	795,633	845,597	2,515,840	821,272	1,081,443	731,901	1,238,707
Long-term debt:										
Principal	852,313	409,526	399,401	389,955	2,086,095	190,000	428,436	243,088	657,855	420,000
Interest and fiscal charges	34,541	27,105	37,229	46,676	89,778	82,572	93,413	99,069	123,304	125,108
Bond issuance cost	100,957				42,610					
AEA flowthrough	569,394	563,274	560,351	565,058	565,058	551,687	564,600	565,287	561,136	544,490
Total expenditures	$ 20,569,055	$ 16,274,076	$ 16,617,059	$ 17,140,193	$ 18,462,517	$ 19,136,226	$ 16,370,198	$ 17,424,840	$ 17,227,902	$ 17,332,987

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Part I: Summary of the Independent Auditor's Results:

1. **The auditor's report expresses unmodified opinions on whether the financial statements of Howard-Winneshiek Community School District were prepared in accordance with U.S. generally accepted accounting principles.**

2. **One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. No material weaknesses are reported.**

3. **No instances of noncompliance material to the financial statements of Howard-Winneshiek Community School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.**

4. **One significant deficiency in internal control over the major federal award programs was disclosed by the audit of the financial statements. No material weaknesses are reported.**

5. **The auditor's report on compliance for the major federal award programs for Howard-Winneshiek Community School District expresses an unmodified opinion on all major federal programs.**

6. **The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).**

7. **The programs tested as major programs were as follows:**
   - **Federal Assistance Listing Number 84.010:**
     - **Title I Grants to Local Educational Agencies**
   - **Education Stabilization Fund (ESF):**
     - **Federal Assistance Listing Number 84.425C:**
       - **COVID-19 Governor's Emergency Education Relief Fund (GEER)**
     - **Federal Assistance Listing Number 84.425D:**
       - **American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)**
       - **Elementary and Secondary School Emergency Relief Fund II (ESSER II)**
       - **Elementary and Secondary School Emergency Relief Fund II (ESSER)**
     - **Federal Assistance Listing Number 84.425W:**
       - **American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth (ARP-HCY)**
     - **Federal Assistance Listing Number 84.425U:**
       - **American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)**

8. **The threshold used for distinguishing between Type A and B programs was $750,000.**

9. **Howard-Winneshiek Community School District was determined to be as a low-risk auditee.**

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Part II: Findings Related to the Financial Statements:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

Finding 2022-001 **Overlapping Duties**

Condition: The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Cause: The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.

Effect: This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements and/or federal award programs in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: The District should review the operating procedures of the District offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

Views of Responsible Officials and Planned Corrective Actions: Management is cognizant of this limitation and will implement additional procedures where possible.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards:

Instances of noncompliance: no matters were noted.

Internal control deficiencies:

- **Federal Assistance Listing Number 84.010:**
  - **Title I Grants to Local Educational Agencies**
- **Education Stabilization Fund (ESF):**
  - **Federal Assistance Listing Number 84.425C:**
    - **COVID-19 Governor's Emergency Education Relief Fund (GEER)**
  - **Federal Assistance Listing Number 84.425D:**
    - **American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)**
    - **Elementary and Secondary School Emergency Relief Fund II (ESSER II)**
    - **Elementary and Secondary School Emergency Relief Fund II (ESSER)**
  - **Federal Assistance Listing Number 84.425W:**
    - **American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth (ARP-HCY)**
  - **Federal Assistance Listing Number 84.425U:**
    - **American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)**

Federal Award Year: 2022
Passed through the Iowa Department of Education
See 2022-001 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated January 23, 2023.

See Independent Auditor's Report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Passed Through to Subrecipients	Program Expenditures	
Indirect:					
U.S. Department of Agriculture:					
Passed through Iowa Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	FY22		$ 98,347	
National School Lunch Program	10.555	FY22		652,456	*
Summer Food Service Program for Children	10.559	FY22		131,260	
Total Child Nutrition Cluster				882,063	
Pandemic EBT Administrative Costs	10.649	FY22		614	
Total U.S. Department of Agriculture				882,677	
U.S. Department of Education:					
Passed through Iowa Department of Education:					
Title I Grants to Local Educational Agencies	84.010	FY22		238,626	
Career and Technical Education - Basic Grants to States	84.048	FY22		15,988	
Supporting Effective Instruction State Grant	84.367	FY22		46,270	
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027	FY22		56,865	
ARP Special Education - Grants to States				8,773	
				65,638	
Student Support and Academic Enrichment Program	84.424	FY22		10,320	
Education Stabilization Fund (ESF):					
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	FY21		34,934	
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)	84.425D	FY22		89,355	
Elementary and Secondary School Emergency Relief Fund II (ESSER II)		FY22		399,025	
Elementary and Secondary School Emergency Relief Fund II (ESSER)		FY22	$ 10,512	10,512	
American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth (ARP-HCY)	84.425W	FY22		11,387	
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)	84.425U	FY22		313,251	
Total Education Stabilization Fund			10,512	858,464	
Total U.S. Department of Education			10,512	1,235,306	
Department of Homeland Security:					
Passed through Iowa Department of Education:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FY22		10,576	
Total Federal Financial Assistance			$ 10,512	$ 2,128,559	

*Includes $64,734 of non-cash awards.

See Independent Auditor's Report.

Basis of Presentation:

- **The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Howard-Winneshiek Community School District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Howard-Winneshiek Community School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Howard-Winneshiek Community School District.**

Summary of Significant Accounting Policies:

- **Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.**

- **Pass-through entity identifying numbers are presented where available.**

Indirect Cost Rate:

- **Howard-Winneshiek Community School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.**

See Independent Auditor's Report.

Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Howard-Winneshiek Community School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Howard-Winneshiek Community School District basic financial statements and have issued our report thereon dated January 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard-Winneshiek Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard-Winneshiek Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Howard-Winneshiek Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Howard-Winneshiek Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

<u>Howard-Winneshiek Community School District's Response to Finding</u>

Government Auditing Standards **requires the auditor to perform limited procedures on the Howard-Winneshiek Community School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Howard-Winneshiek Community School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.**

<u>Purpose of this Report</u>

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 23, 2023

Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Howard-Winneshiek Community School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Howard-Winneshiek Community School District's major federal programs for the year ended June 30, 2022. Howard-Winneshiek Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Howard-Winneshiek Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Howard-Winneshiek Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Howard-Winneshiek Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Howard-Winneshiek Community School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Howard-Winneshiek Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Howard-Winneshiek Community School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- **Exercise professional judgment and maintain professional skepticism throughout the audit.**

- **Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Howard-Winneshiek Community School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.**

- **Obtain an understanding of Howard-Winneshiek Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Howard-Winneshiek Community School District's internal control over compliance. Accordingly, no such opinion is expressed.**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as described below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Internal Control over Compliance (Continued)

Government Auditing Standards requires the auditor to perform limited procedures on Howard-Winneshiek Community School District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Howard-Winneshiek Community School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 23, 2023

MANAGEMENT LETTER

To the Board of Education
Howard-Winneshiek Community School District
Cresco, Iowa

In planning and performing our audit of the basic financial statements of Howard-Winneshiek Community School District for the year ended June 30, 2022, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions, and other matters. Items 1 through 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated January 23, 2023, contains our report on the District's internal control over financial reporting. This letter does not affect our report dated January 23, 2023, on the basic financial statements of the Howard-Winneshiek Community School District. Comment number 15 is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. Certified Budget

During the year ended June 30, 2022, expenditures exceeded the amounts budgeted in the instruction, non-instructional programs and other expenditures functions.

Recommendation

The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response and Corrective Action Planned

We were going to amend the budget due to the additions and remodeling projects, but the projects were higher than expected, however, when we realized we needed to amend the budget it was after the deadline.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

3. **Travel Expense**

No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.

4. **Business Transactions**

The District had business transactions between the District and the following District employees. The transactions consisted with the following:

- Stephanie Scholbrock consisted of total payments to Scholbrock Masonry of $890. Stephanie Scholbrock is the owner of Scholbrock Masonry.

- Andy Ludeking consisted of total payments to Decorah/Cresco Bank & Trust of $8,493.53. Andy Ludeking is Chief Credit Officer at Cresco Bank & Trust.

- Shirley Sovereign consisted of total payments to Cresco Fuels of $15,123.66. Shirley Sovereign's husband owns Cresco Fuels.

- Tanya Riehle consisted of total payments to Blue House Studio of $568.50. Tanya Riehle is the owner of Blue House Studio.

- Kim Kerian consisted of total payments to Culligan Water Conditioning of $4,166.88. Kim Kerian's husband owns Culligan Water Conditioning.

- Denise Sheehy consisted of total payments to H&S Motors of $53.96. Denise Sheehy's husband owns H&S Motors.

- Brent Mehmert consisted of total payments to Mehmert Tiling Inc. of $125,377.16. Brent Mehmert is part owner of Mehmert Tiling Inc.

* In accordance with an Attorney General's Opinion dated November 9, 1976 and Chapter 279.7A of the Code of Iowa, these transactions do not appear to represent any conflict of interest. The payments to Mehmert Tiling, Inc. do not appear to represent conflict of interest since they were entered through competitive bidding and Brent Mehmert is not directly involved in approving the contracts.

5. **Restricted Donor Activity**

No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

6. **Bond Coverage**

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

7. **Board Minutes**

We noted no transactions requiring Board approval which had not been approved by the Board. We also noted no minutes and bills that had not been published as required.

8. **Certified Enrollment**

No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

9. **Supplementary Weighting**

We noted one variance in the supplementary weighting certified to the Iowa Department of Education. One student was funded with the District while taking a course at another District.

Recommendation

We recommend that lists are reviewed before certifying to the Iowa Department of Education.

Response and Corrective Action Planned

The District contacted the Iowa Department of Education to notify them of the difference.

Conclusion

Response accepted.

10. **Deposits and Investments**

A resolution naming official depository banks has been approved by the District. The maximum deposit amount stated in the resolution was exceeded during the year ended June 30, 2022.

Recommendation

We recommend that deposited funds not exceed the amount approved for each respective financial institution. The District would then be in compliance with Chapter 12C of the Code of Iowa.

Response and Corrective Action Planned

We received some larger deposits from the State of Iowa within a short period of time which put us over our limit.

Conclusion

Response accepted.

11. **Certified Annual Report**

The Certified Annual Report (CAR) was certified timely to the Iowa Department of Education.

12. **Categorical Funding**

No instances were noted of categorical funding being used to supplant rather than supplement other funds.

13. **Statewide Sales, Services and Use Tax**

No instances of noncompliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education.

13. Statewide Sales, Services and Use Tax (Continued)

For the year ended June 30, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 2,853,369
Revenues/transfers in:		
Statewide sales, services and use tax	$ 1,355,345	
Other local revenue	66,455	
Sale of long-term debt	7,900,000	
Proceeds of capital assets	4,000	
Transfers from other funds	548,603	9,874,403
Expenditures/transfers out:		
School infrastructure:		
Equipment and architect	69	
School infrastructure construction	2,519,351	
Transfers to debt service fund	740,002	3,259,422
Ending balance		$ 9,468,350

For the year ended June 30, 2022, the District reduced the following levies as a result of the moneys received under Chapters 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per $1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	$ 1.21	$ 740,002
Physical plant and equipment levy (PPEL)	1.01	615,343
Total		$ 1,355,345

14. Student Activity Fund

For the items tested, no instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for moneys in the student activity fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

15. Disbursements

During our audit, out of sixty-seven invoices tested, we noted the following:

- Four general fund and one student activity school nutrition fund payments were made prior to acquiring an approved purchase order.

Recommendation

We recommend the District remind staff of the policy of receiving an approved purchase order prior to any purchase and take extra care to ensure that all purchases have a detailed receipt. The District should also remind personnel of the Board's disbursement policies.

Response and Corrective Action Planned

Management is aware of the issue and working diligently with the staff to correct this issue.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Howard-Winneshiek Community School District during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 23, 2023